

*Minutes of the Joint Meeting*

# **Town and Police Pension Boards**

**January 29, 2013**

Room 206    4:00 PM

## **CALL TO ORDER**

The meeting was called to order by Kelly Galvin at 4:00 pm. Attendance was as follows:

- For the Town Board: Kelly Galvin (chair), Bruce Sargent, Tony Yezzi, Jon Zagrodzky.  
Absent: Angela Tozzoli
- For the Police Board: Lt. Ray Osborne (chair), Linda Santarella, Paul Johnson,  
Jon Zagrodzky. Absent: Bob Harrell
- Others: Karl Kilduff (Town Administrator); Kate Clarke Buch (Director of Finance),  
Nancy Markey (Director of Human Resources); Anthony Abbazia (Buck Consultants)

## **INVESTMENT MANAGEMENT REPORT**

There was no investment report, as representatives from Robeco Partners typically do not attend the January Pension Board meetings.

## **REVIEW OF ACTUARIAL REPORT**

Tony Abbazia of Buck Consultants presented a brief actuarial report, focusing on market performance and asset values as of June 30, 2012. The exhibits in the materials he provided showed the market value of assets as of June 30, the actuarial value as of June 30, and the development of Town contributions for the plan year beginning July 1, which will be contributed in FY 2013-2014. Also included was an exhibit allocating the Town's contribution within the Town plan. Brief summaries of the actuarial assumptions and methods were provided in two additional exhibits. There were no changes to the plan provisions, actuarial assumptions, or methods since the prior valuation.

Mr. Abbazia indicated that market performance for the pension investments for the year ending June 30, 2012 was below expectations. The expected return was 7½%, while the actual return was 3.34%. Because the pension returns are smoothed over a five-year period, no sudden impact was expected for Town contributions.

Bruce Sargent asked why the administrative expenses for the Police plan as a percentage of plan assets seemed so much higher than for the Town plan. Mr. Abbazia stated that the Town has 250 active employees and far more retirees than the Police department, which accounts for the higher relative level of expense.

Mr. Abbazia and Ms. Buch briefly reviewed the impending GASB changes that will be in effect for FY 2014. Mr. Abbazia stressed that the Town's long record of making 100% of actuarially required contributions will be very helpful given these changes.

### **DISCUSS ACTUARIAL RETURN ASSUMPTIONS**

There was an extended discussion about whether to consider changes to the rate of return and salary expense growth assumptions that are used in calculating contributions. Mr. Abbazia indicated that other Towns are dropping their expected return rates, but that because Darien had been reasonably conservative in its rate assumptions over time, Darien's rates now seemed closer to "average" in the area, as opposed to "conservative." Mr. Abbazia did not feel strongly that Darien needed to make any significant changes in its rate assumptions at this time.

Jon Zagrodzky stressed that any look at assumptions should also consider whether investment criteria and limitations should be changed (e.g., permit the introduction of international equities as an investment option). He and Tony Yezzi, an actuary by training who has already done some modeling with different return assumptions, will study this topic in more detail report at the next Board meeting. In advance of this discussion, Kelly Galvin will send around the current investment guidelines to each Board member for review.

### **APPROVAL OF OCTOBER 16, 2012**

Board members reviewed the minutes and asked for one additional dot point to be included about Board approval for a motion prohibiting the purchase and quick sale of IPOs in the portfolio (leaving this out of the minutes had been an oversight).

Kelly Galvin moved approval of the minutes with edits for the Town; Paul Johnson did so for the Police – passed unanimously.

### **POLICE BOARD ADJOURNMENT**

There being no further business for the Police Board, Jon Zagrodzky made a motion to adjourn, which was approved unanimously at 5:15 pm.

### **APPROVAL OF TOWN RETIREMENT APPLICATIONS**

The Town Board reviewed the retirement applications for the quarter. Tony Yezzi noted several minor questions, which he will review in detail with Nancy Markey. Kelly Galvin moved approval of the applications pending any necessary changes; approved unanimously.

### **OTHER ITEMS PERTINENT TO BOARD MEMBERS**

None.

### **TOWN BOARD ADJOURNMENT**

There being no further Town Board business, Jon Zagrodzky made a motion to adjourn. The motion was seconded and approved unanimously at 5:34 pm.

Respectfully submitted,

Jon Zagrodzky  
Clerk